

City of Torrance

First Quarter

July '09 – September '09

Budget Review



FINANCE DEPARTMENT

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2009 ~ 10

A SNAPSHOT OF TORRANCE

Population: 149,111
 Peak Daytime Population (2 P.M.): 203,011
 Area: 21 Square Miles
 Full Time Employees: 1,343
 Fire Stations: 6
 Police Station: 1
 Police Community Centers: 1
 Sworn Police Employees: 235
 Sworn Fire Employees: 156
 Public Libraries: 6
 Street Trees: 40,000
 Miles of Sidewalks: 550
 Parks & Recreation Amenities: 53

Executive Summary

- ❖ Expenditures within budget, 22.3% of department budgets expended with 25% of the fiscal year expired.
- ❖ With major property tax and business license tax revenue yet to be received in December and January, seasonal revenues at first quarter are 15.3% of budget compared to 18.8% during 2008-09.
- ❖ Positive economic signs include Gross Domestic Product growth of 3.5% and a Dow Jones Industrial in the 10,000 level compared to 6,547 in March, 2009.
- ❖ Sales tax data for first quarter is pending, however looking back, automobile sales dropped 25% from June 2008 to June 2009, therefore, this combined with sluggish retail sales results in no anticipated growth in sales tax in 2009-10.
- ❖ Torrance is weathering the economic downturn relatively well with a 6.4% unemployment rate (12.7% unemployment rate in L.A. County, 12.2% Statewide). The County's property tax assessed value has increased 2.4% above 2008 with the average assessed value in the City at \$341,000.

September Unemployment Rate

	2008	2009
Federal	6.2%	9.8%
State of California	7.8%	12.2%
Los Angeles County	7.8%	12.7%
Carson	7.9%	12.8%
Gardena	7.3%	11.9%
Glendale	6.8%	11.1%
Hawthorne	10.8%	16.4%
Inglewood	9.9%	15.8%
Santa Monica	6.4%	10.5%
Torrance	3.8%	6.4%

2008-09 Year End Results

- ❖ Revenues were below estimates by \$6.5 million (3.8% of General Fund revenues) primarily caused by the recession which led to reduced consumer spending (automobiles, large appliances) and a decline natural gas commodity prices and usage of electricity.
- ❖ Expenditures at year end were below budget by \$7.2 million (4.2% of General Fund expenses) of which \$2.6 million was in labor and \$4.6 million in non-wage areas.
- ❖ General Fund carryover (revenues minus expenses) is \$622,000.

Status of 2009-10 and 2010-11 Budget Balancing

- ❖ The two-year budget eliminated a \$5.7 million General Fund projected structural deficit for the 2009-10 fiscal year.
- ❖ The budget was balanced through a combination of department expenditure reductions, cost recovery for user fees, internal adjustments, and additional use of one-time monies.
- ❖ All reductions to balance the 2 year operating budget are implemented or in the process of implementation. The following is a summary of budget reductions still in progress as of 9/30/2009:

General Fund Revisions still in progress

Community Development	• Transfer of NPDES (National Pollution Discharge Elimination System) Program to Fire Dept.
Fire	• Civilianization of Public Education Officer • Transfer of Hazardous Materials Program from General Services to the Fire Department • Reduction of Hazardous Materials Team from 9 members to 5
Police	• Conversion of 1.0 Traffic Police Sergeant into a Police Traffic Supervisor • Deletion of 1.0 Emergency Services Division Commander (Police Lieutenant) • 10% shift-lead premium Records Technician premium funded by deletion of a Records Supervisor position • Deletion of 1.0 Police Officer position in Community Affairs Division • Deletion of 1.0 Secretary position through attrition

TABLE 1
First Quarter Revenue Results 2009-10 *

TOTAL REVENUES	2009-10 Budget	2009-10 Actual*	2009-10 Percent*	2008-09 Percent**
Property Tax	\$40,482,075	\$2,359,463	5.8%	5.9%
Sales & Use Tax***	38,731,889	6,324,132	16.3%	18.7%
Utility Users' Tax	36,542,018	7,883,484	21.6%	26.3%
Business License/Permit Tax	8,241,960	189,214	2.3%	3.7%
Occupancy Tax	8,329,408	1,464,284	17.6%	32.1%
Other Taxes	9,052,809	973,675	10.8%	13.7%
Total Taxes	\$141,380,159	\$19,194,252	13.6%	16.9%
Licenses & Permits	2,333,910	323,907	13.9%	20.4%
Fines & Forfeitures	1,966,047	258,642	13.2%	21.2%
Use of Money/Property	5,327,157	922,040	17.3%	35.7%
Revenues from Other Agencies	617,221	255,811	41.4%	23.5%
Charges from Services	7,877,813	2,061,603	26.2%	21.9%
Other Revenues	12,633,399	3,272,075	25.9%	33.2%
Total General Fund Revenues	\$172,135,706	\$26,288,330	15.3%	18.8%
OTHER FUNDS				
Internal Service Funds	10,898,640	3,821,204	35.1%	31.2%
Total Enterprise Funds	95,909,462	25,121,509	26.2%	26.0%

* Based on actual receipts as of September 30, 2009.

** Based on actual receipts as of September 30, 2008.

*** Includes Triple Flip of \$9,915,000. In order to finance the State's 2004 deficit reduction bonds, 1/4 of the City's share was swapped for property tax. For presentation purposes, the Triple Flip is reclassified into sales tax.

**Enterprise/External Fund Expenditure
Revisions still in progress**

General Services - Airport • Deletion of 1.0 Airport Operations Supervisor position through attrition.

Median Housing Prices

Agency	Median Price 2009	Median Price September 2008	% Change
Los Angeles County	\$333,000	\$365,000	-8.8%
Carson	\$280,000	\$360,000	-22.2%
Gardena	\$275,000	\$397,500	-30.8%
Inglewood	\$225,000	\$299,000	-24.6%
Santa Monica	\$1,025,000	\$970,000	5.7%
Torrance	\$508,000	\$474,500	7.1%

**General Fund Revenue Budget
Summary 2009-10
(In Thousands)**

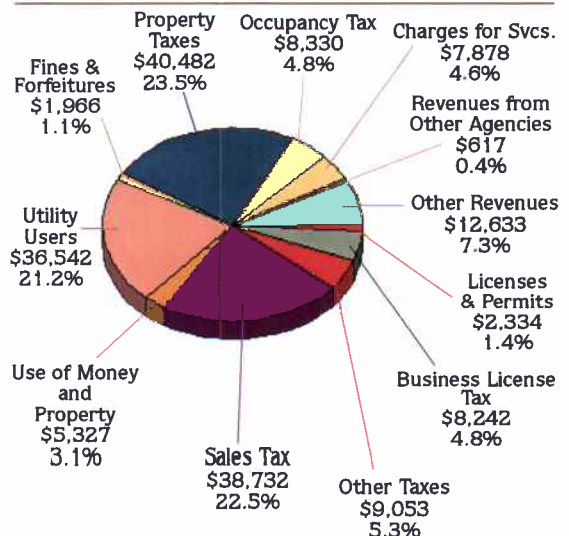


TABLE 2
First Quarter Expenditure Results 2009-10*

Total Expenditures	2009-10 Budget	2009-10 Actual (w.o. encumb.)**	2009-10 Percent	2008-09 Percent
Salaries and Wages	\$ 139,758,292	\$ 33,443,289	23.9%	23.9%
Salaries and Benefits Reimb.***	(10,778,945)	(2,451,333)	22.7%	23.6%
Materials and Supplies	13,086,720	2,597,731	19.9%	19.7%
Professional Svcs./Contracts	9,669,918	1,406,971	14.5%	16.4%
Travel, Training, & Memb. Dues	1,137,949	161,582	14.2%	14.6%
Liabilities & Other Insurance	1,620,335	326,880	22.0%	20.0%
Interdepartmental Charges	3,790,053	970,593	25.6%	25.1%
Debt Service	3,486,780	(60,011)	-1.7%	-2.1%
Capital Acquisitions	369,398	66,224	17.9%	9.3%
Reimbursements - From Other Funds	(3,547,428)	(804,218)	22.7%	23.5%
Other Expenditures	109,440	12,506	11.4%	8.8%
Reimbursements - Indirect Costs	(5,009,328)	(1,149,959)	23.0%	25.0%
Operating Transfers Out****	22,381,974	4,775,722	21.3%	28.1%
Advances to Other Funds	1,000,000	252,000	25.2%	25.2%
Total General Fund Expenditures	\$ 177,075,158	\$ 39,577,977	22.4%	21.1%
Internal Service Funds	\$ 10,166,667	\$ 2,267,314	22.3%	24.9%
Total Enterprise Funds	\$ 99,717,816	\$ 22,236,645	22.3%	24.0%

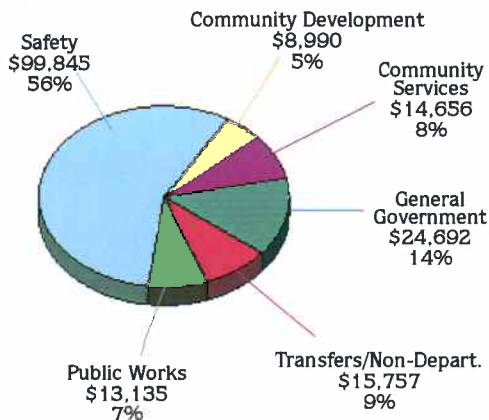
* Based on actual expenditures as of September 30, 2009.

** Without Encumbrances (committed amount from purchase orders & contracts issued for goods and services).

*** Reimbursements to the General Fund for work performed for other Funds.

**** To offset transfers between funds such as General Fund Subsidy to Parks and Recreation Fund.

2009-10 General Fund Operating Budget by Function (In Thousands)



Capital Project Requests

- Due to State budget issues and a minimal year-end carryover available to fund capital projects, the update of the City's 5 year capital budget has been deferred.
- The following funding of capital projects of an urgent nature were approved:

Installation of restroom privacy doors in City parks	\$16,500
Outdoor Overhead Lighting	\$65,000
City Yard Camera System	\$55,000
Workers' Compensation Claims Mgmt. System Imaging	\$70,646
Wilson Park Pond Restoration	\$200,000
Storm Drain System Master Plan Update	\$200,000